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FISCAL IMPACT STATEMENT

LS 6095

BILL NUMBER: HB 1257

NOTE PREPARED: Oct 27, 2006

BILL AMENDED:

SUBJECT: Property tax distributions to charter schools.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill limits the amount distributed from a property tax levy imposed for a charter school to the amount collected from the levy, offset by any amount withheld to pay refunds or other overpayments.

The bill provides that any property tax collected for a charter school that exceeds the amount levied shall be used to temporarily reduce the levy imposed for the charter school in the immediately following year. The bill includes transitional provisions.

Effective Date: January 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill provides that the levy allocation a school corporation levies for a charter school as part of its general fund levy will be treated like other property tax levies. Under current law, charter schools are guaranteed 100% of their property tax allocation regardless if a school corporation collects more or less than 100% of their allowable general fund levy. For CY 2007, charter schools are projected to receive about \$21.7 M in property taxes. The bill would shift property tax collections between charter schools and school corporations depending on if a school corporation collects more or less than 100% of their allowable levy.

As an example, if schools only collected 98% of their allowable levy, then charter schools would receive about \$434,000 less in property taxes and school corporations would receive about \$434,000 more in property tax collections. If schools collected 102% of their allowable levy then charter schools would receive \$21.7 M in property taxes, or 100% of the levy, and the additional 2% of the collections, or \$434,000, would be used to reduce the taxpayers' property tax cost the following year.

State Agencies Affected:

Local Agencies Affected: Local schools.

Information Sources: Department of Education databases.

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